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The Amazon business model, the platform economy and executive compensation: Three essays in search theory

Bo Hu

Search frictions characterize most real-world transactions. This thesis is among the intellectual efforts in explaining real-world phenomena through the lens of search theory. Chapter 2 develops a directed search framework to explain the emergence of a popular hybrid intermediation mode --- the market-making middlemen. Amazon, among many others, is the most famous example. Amazon is a middleman, as it specializes in buying and reselling products in its name. It is also a market-maker as it offers a platform where the participating buyers and sellers can search and trade with each other. Chapter 3 extends the baseline model of Chapter 2 to competing intermediaries. Chapter 4 turns to another highly debated topic, the incentive compensation of top executives. It shows that the executive job ladder which stems from the search frictions in the managerial labor market quantitatively explains the firm-size incentive premium.

Bo Hu holds a Bachelor in Economics from the Southwestern University of Finance and Economics in Chengdu, China (2009) and an M.Phil. in Econometrics from the Tinbergen Institute and Erasmus University Rotterdam, the Netherlands (2014). In 2014, he joined the Department of Economics at the Vrije Universiteit Amsterdam as a Ph.D. candidate. Starting from September of 2019, he will join the School of Economics at the Fudan University in Shanghai, China as an assistant professor.

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